EXHIBIT A

UNITED STATES DISTRICT COURT
DISTRICT OF DELAWARE

In re:	:	
	:	Chapter 11
USG CORPORATION	:	
a Delaware corporation, et al.,	:	
	:	Jointly Administered
Debtors.	:	Case No. 01-2094(JKF)
USG CORPORATION, et al.,	:	
	:	
Movant	:	
v.	:	
	:	Civil Action No. 04-1559 (JFC)
OFFICIAL COMMITTEE OF	:	Civil Action No. 04-1560 (JFC)
ASBESTOS PERSONAL INJURY	:	
CLAIMANTS, et al.,	:	
Respondents.	:	

Declaration of Denise Neumann Martin

Qualifications

1. I am a Senior Vice President of National Economic Research Associates, Inc. ("NERA"). I earned my B.A. degree magna cum laude in Economics and French from Wellesley College and my Master's and Ph.D. degrees, both in Economics, from Harvard University. I have taken undergraduate and graduate courses in statistics and economic forecasting. At Harvard, I taught classes in economics at both the graduate and undergraduate level. At NERA, within the area of product liability valuation, I have analyzed claims data for over 70 defendants, including approximately 60 asbestos defendants.

Summary

2. Statistically-random samples are regularly relied upon by economists and other scientists to answer questions about the characteristics of a large population. Standard, widely-accepted procedures exist both for drawing a sample and for extrapolating the results estimated from the sample to the population as a whole. When the characteristics of the underlying population or the information available about that

population are changing over time, sampling data from a recent subset of that population when making projections is generally preferable to relying on historical data.

3. Economists and statisticians also do sometimes use historical data to make future projections, although this can be complicated by gaps or omissions in the historical data, as well as the need to adjust for changes in the characteristics of or information available about the underlying population.

4. Unfortunately, data is missing from the USG historical claims database. If this information were known, a more precise estimation of claims would be possible. These data gaps include claims with no known disease (the disease field is not populated), claims missing categories within each disease (such as lung cancer with asbestosis or impaired versus unimpaired non-malignant claims) and claims with no indication of exposure to USG's asbestos containing products.

5. A statistically random sample of 1,000 claim files would fill in missing information in the USG historical claims database on disease and impairment. Use of this additional information on disease and exposure would lead to a more precise estimate of the Debtors' aggregate liability.

The Benefits of a Random Sample

6. Well-recognized, widely accepted statistical methods can be used to estimate the characteristics of a large population by observing those characteristics in a relatively small segment or "sample" of the population. Compared to the time and expense associated with obtaining and analyzing voluminous data from the entire present claimant population, the use of acceptable sampling techniques provides substantial savings, without sacrificing statistical precision.[1]

7. To take a well-known example, the Current Population Survey of the U.S. Census Bureau is conducted to estimate characteristics of the U.S. population, such as age and race. A random sample of the U.S. population is surveyed so that the results can be extrapolated to the U.S. population as a whole.[2] This same principle can be applied

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[1] FJC Manual for Complex Litigation, 1995.

[2] Note that, if a strictly random sample were selected, certain rare subsets or cohorts of the population might be selected in very small numbers. Continuing the example of the U.S. Census, if 1,000 people were selected at random from the U.S. population, relatively few people between the ages of 90 to 99 might be selected. With too few members of this cohort in the sample, it may not be possible to extrapolate with sufficient precision the proportion of these aged 90 to 99. In these circumstances, a technique known as "stratification" is used, where the population is divided into the cohorts of interest and sampling occurs at the same rate *within* the cohorts (*e.g.* 100 people from *each* of 10 age decades would be sampled, rather than the number that would be implied by the proportion of each cohort existing in the underlying population). When extrapolating the results of a stratified sample to the population, the stratification or weighing is then undone, yielding statistically accurate results for the population as a whole.

more generally: if a sample is chosen using a statistically random process, then it is possible for analysts to reach statistically robust conclusions about the population from which that sample is drawn.[3]

8. When a sample is used to estimate the characteristics of a population, the estimate is likely to differ slightly from the true population value because any random sample, might, by chance, differ in some characteristic from the underlying population. Statistical theory, however, allows us to judge the probable range of error from the sample itself. The difference in the estimate between the sample and the population is known as the sampling error and is taken into account when designing a sampling procedure. The sampling error allows a confidence interval to be built around the estimate.

9. Information provided by a random sample of USG claimants could be used to build a model to estimate current and future liability, or, alternatively could be used to fill in gaps in USG's historical claims database and allow for a more precise estimate of USG's aggregate asbestos liability.

10. In estimating USG's aggregate liability, for example, it is necessary to know, within the lung cancer disease category, the proportion of "higher-value" lung cancer claims (*i.e.*, those with underlying asbestosis, evidencing that their condition was caused by asbestos exposure) and the proportion of "lower value" lung cancer claimants (*i.e.*, those with a smoking history and whose cancer may not be attributable to asbestos exposure). Prior asbestos trusts differentiate in values among lung cancer claimants depending on these attributes. The USG historical database does not contain information on underlying asbestosis or smoking behavior. Obtaining a random sample of claim files would fill-in this missing information and allow for a more precise estimate.

11. To estimate aggregate liability, it is necessary to know what proportion of the thousands of pending claims entered into USG's historical database with an unknown disease are likely to be alleging a malignant disease. Analysis of a random sample of claim files would allow more precise estimation of the evolution of a claim from unknown to known disease and, therefore, of the proportion of USG claimants with unknown disease alleging malignant versus non-malignant disease.

12. Additionally, information provided by a random sample of USG claimants will help determine the proportion of claims supported by the now-notorious high-volume B-reader doctors and those claims that were administered pulmonary function tests by laboratories that are now known to maladminister tests. Currently, the USG database does not contain complete information on supporting doctor.

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[3] Newbold & Bos "Introductory Business & Economic Forecasting".

13. Specifically, on June 30, 2005, Judge Jack issued the silica MDL order in which she challenged the reliability of certain diagnosing doctors and screening facilities. Since then, these doctors and screening facilities have been subject to federal grand jury and congressional investigations into alleged fraud. On September 12, 2005, the Manville Trust decided to stop accepting any reports prepared by these doctors and facilities based on the evidence presented in the silica MDL. Given this recent development, sampling pending claims to fill in information about claims validity becomes even more important to the estimation.

14. While the Debtors' proposal is important to determine the proportion of high-volume doctors, sampling will also assist in answering such disputed questions as the proportion of non-malignant claims suffering impairment. Currently, the USG database does not contain complete information about which nonmalignant claims qualify as impaired or unimpaired. This is important, in part, because of recent changes in state laws differentiating between impaired and unimpaired nonmalignant claimants. The Debtors' proposal will allow for a more accurate estimate of the number of nonmalignant claimants with impairment.

15. Given USG's participation in the Center for Claims Resolution ("CCR"), product identification is another piece of information that is important for the estimation of aggregate liability but is not presently available to the Court. An estimate of the proportion of claims able to demonstrate product identification against USG must be developed. The proposed sample will assist in that development.

Conclusion

16. To facilitate and allow for a more precise estimation of USG's aggregate asbestos liabilities, data absent from the USG database but available from the USG claimant population can be obtained. It can be obtained from a statistically random sample of approximately 1,000 claimants from the pending claims (stratified as necessary to obtain statistically significant numbers by disease). The results of this sample can then either be extrapolated to the claimant population by disease with an accepted degree of statistical accuracy or used in combination with historical information to provide a much more accurate and meaningful basis on which to reach an estimate of the Debtors' aggregate asbestos liabilities than is possible by relying on historical information alone.

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September 19, 2005